MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Big Rock Brewery Inc. (the "**Corporation**" or "**Big Rock**") for the three and six months ended June 30, 2024.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Corporation and accompanying notes as at and for the three and six months ended June 30, 2024 (the "**Interim Financial Statements**"), the audited consolidated financial statements of the Corporation and the accompanying notes as at and for the year ended December 30, 2023 (the "**Annual Financial Statements**") and the Corporation's Management Discussion and Analysis for the year ended December 30, 2023. The Interim Financial Statements have been prepared using International Financial Reporting Standards ("**IFRS**") and all tabular amounts are reported in thousands of Canadian dollars unless otherwise noted. Additional information about the Corporation, including the Corporation's Annual Information Form for the year ended December 30, 2023 (the "**AIF**"), can be found on SEDAR+ at www.sedarplus.ca and on Big Rock's corporate website at www.bigrockbeer.com. Readers should also read the section "Forward-Looking Information" contained at the end of this MD&A. This MD&A is dated August 13, 2024.

COMPANY OVERVIEW

Big Rock is headquartered in Calgary, Alberta. The Corporation produces premium, all-natural craft beers, ciders, and other alcoholic and non-alcoholic beverages. As one of Canada's largest independently owned craft brewers, Big Rock has an extensive family of permanent ales and lagers, the Rock Creek series of craft ciders, the White Peaks family of hard tea beverages, a continually-changing selection of seasonal and limited-edition beers and other licensed alcoholic beverages. In addition to its wholesale operations, the Corporation has an extensive co-packing/contract production business producing lagers, ales and ready to drink products for partners who market, sell and distribute such products in Western Canada.

Founded in 1985, Big Rock was the first craft brewery in Alberta and stands as a pioneer in the Canadian craft beer industry. Big Rock produces, markets and distributes its premium, high-quality craft beers, ready-to drink beverages, ciders, and non-alcoholic beverages, primarily in Canada. The Corporation owns and operates production facilities in Alberta, British Columbia ("**BC**"), and Ontario. Today, Big Rock's primary brewing, packaging and warehousing facility is in Calgary, Alberta and has been in operation since 1996. Big Rock has a distribution facility in Calgary, a cross-docking arrangement in Edmonton, and sales staff resident in Alberta, BC, Saskatchewan, Manitoba, and Ontario.

Given the Corporation's footprint in Western Canada, the Corporation also has several private label agreements, production agreements, co-packing agreements and licensing agreements.

SECOND QUARTER HIGHLIGHTS

For the three months ended June 30, 2024, compared to the three months ended June 30, 2023, the Corporation reported:

- net revenue declined by 2.8% to $12.3 million primarily due to reduced co-packing activity;
- wholesale sales volumes down 7.2% to 40,519 hectolitres ("**hl**") compared to 43,660 hl;
- operating loss increased to ($0.7 million) from operating income of less than $0.1 million;
- net income increased to $0.2 million from a net loss of ($0.3 million); and
- Adjusted EBITDA decreased to $0.2 million from $1.2 million. Adjusted EBITDA is a non-GAAP financial measure, see "*Non-GAAP Measures*".

For the six months ended June 30, 2024, compared to the six months ended June 30, 2023, the Corporation reported:

- net revenue decreased by 9.6% to $20.9 million from $23.2 million due to reduced co-packing activity and softer wholesale volumes;
- wholesale sales volumes down 5.9% to 72,871 hl compared to 77,438 hl;
- operating loss increased to ($3.0 million) from ($0.1 million);
- net loss increased to ($2.9 million) from ($0.6 million); and
- Adjusted EBITDA decreased to ($1.3 million) from $1.9 million. Adjusted EBITDA is a non-GAAP financial measure, see "*Non-GAAP Measures*".

$000, except hl and per share amounts	Three months ended June 30		Six months ended June 30	
	2024	2023	**2024**	2023
Wholesale sales volumes (hl) (1)	**40,519**	43,660	**72,871**	77,438
Gross product revenue	**$ 15,792**	$ 17,018	**$ 27,080**	$ 30,657
Net revenue	**12,344**	12,702	**20,926**	23,153
Cost of sales	**8,218**	8,904	**15,063**	16,392
Adjusted EBITDA (2)	**165**	1,188	**(1,308)**	1,889
Operating income (loss)	**(667)**	43	**(2,966)**	(101)
Net income (loss)	**220**	(340)	**(2,853)**	(595)
Net income (loss) per share (basic and diluted)	**$ 0.03**	$ (0.05)	**$ (0.41)**	$ (0.09)

(1) Excludes co-packing/contract volumes due to the nature of the agreements.
(2) Non-GAAP financial measure. See "*Non-GAAP Measures*".

OUTLOOK & STRATEGY

Big Rock's long-term growth strategy is to maximize the utilization and value of its capacity and capital investments to drive growth in volume, improve productivity and lower cost of sales and operating expenses from its own house of brands and from volumes produced pursuant to co-packing arrangements. With greater operational efficiencies derived from greater production volumes, the Corporation aims to improve its competitiveness and gain market share within its branded portfolio. The Corporation remains focused on innovation and co-creation of new products with the Corporation's strategic partners and expects to capitalize on increased market demand in certain product categories and to enable the Corporation to gain market share.

In 2023 Big Rock embarked on a strategy of, where possible, balancing production and sales between quarters to allow for a reduction of operating costs. Reduced co-packing contract volumes made this difficult during the last half of 2023 and during the first half of 2024 similar challenges were encountered. These challenges were compounded by the implementation of a capital expenditure program featuring the replacement of the equipment used to bind canned products (to comply with Canada's ban on single-use plastics) and the equipment used to pack and variety-pack boxed products. Management continues to work with co-packing partners for the purpose of introducing volumes and was recently successful in securing a three-year contract with a strategic partner to produce 50,000 hl or more annually. These volumes are expected to allow for a more balanced schedule and replace the volumes lost during 2022 due to the expiry of a key co-packing contract, providing critical mass in terms of production and contract sales volumes.

During the second quarter of 2024, Big Rock's operations were also impacted by the water restrictions arising from a break in a feeder main water line in the City of Calgary. With the ensuing water restrictions, Big Rock lost twelve brews representing 2,400 hl of production, diminishing the productive capacity and opportunity to absorb overhead during the quarter. While this was the right decision to support the community which Big Rock calls home, this negatively impacted the Corporation's financial results this quarter.

The unseasonably cooler weather[1] experienced during Spring dampened consumption across Canada and Big Rock's sales volumes for the second quarter of 2024 were not spared, with sales volumes being down 7.2% compared to the same period in 2023[2]. While sales volumes declined, wholesale revenues (including beer, cider, non-alcoholic and ready to drink beverages), exclusive of co-packing/contract revenues, were only 2.8% lower in the second quarter than during the same period in 2023. Big Rock believes that this demonstrates the strength of the Corporation's efforts to align with consumer demand and focus on premium product innovation and development. The introduction of new additions to Big Rock's line of beverages available (Brightside, Unwinder, and other summer seasonal beers) have started strong in the second quarter. The Corporation expects that there will continue to be product innovation releases through the balance of 2024.

For the second quarter of 2024, Big Rock's Adjusted EBITDA was $0.2 million which was $1.0 million lower than the second quarter of 2023. This reduction was anticipated given the Corporation's loss of a material co-packing contract that was in place until mid-2023. While the contract volumes were not replaced during the quarter, as noted above, the Corporation's management team recently executed a new three-year contract that is expected to replace these volumes and back-stop co-packing sales volumes commencing in third quarter of 2024.

Reduced co-packing volumes were also the primary factor responsible for the $0.4 million reduction in net revenue during the quarter compared to the same quarter during 2023. Wholesale product sales (including beer, ciders, ready to drink beverages and non-alcoholic beverage) volumes fell 7.2% short of the volumes in the second quarter of 2023. However, wholesale revenues decreased by only 2.8% during the quarter compared to the prior year as the result of improved yields across products, but primarily in ready to drink, premium craft and the Corporation's white-label beer products.

While the volumes and revenues from the Corporation's co-packing business were lower in the second quarter of 2024 than the prior year, these continue to represent a significant percentage of total revenue and total production volumes. With restored contract volumes anticipated to commence in the third quarter of 2024, the Corporation expects to realize overhead and labor cost efficiencies, as well as improved cost absorption and efficiencies from maintaining focus on streamlining processes around forecasting and production planning. The Corporation continues to anticipate that its co-packing contracts for 2025 and beyond will return to, or exceed, levels seen during 2022.

[1] Per information derived from data provided by Environment Canada (https://climate.weather.gc.ca/prods_servs/cdn_climate_summary_e.html), in Alberta, Big Rock's primary market, the average mean temperature was 2.6 degrees (Celsius) lower during the second quarter of 2024 than during the same period in 2023 and, in total, 44% more total precipitation fell during this same period.

[2] In the prairie provinces, reports indicate sale of domestic beer declined by 7.0% during the second quarter of 2024 versus the second quarter of 2023. Source: Beer Canada's Monthly Domestic Beer Sales statistics accumulated from provincial liquor boards, distributors and brewers (https://beercanada.com/sales-statistics/)

As Big Rock advances its strategic goals and efforts to solidify the Corporation's operational and financial strength, its management team identified key capital investments to support these endeavors and meet the needs for Big Rock's own products and those of its co-packing partners.

During the second quarter of 2024, Big Rock completed the installation and commissioning of two machines that will bind its four, six and eight-pack products with "Earthrings," an environmentally-friendly, 100% recyclable, compostable binding for cans, expected to allow Big Rock to be compliant with Canada's ban on single-use plastics.

During late July 2024, the Corporation completed the installation and commissioning of a QuikFlex$_{TM}$ 2100G[3] ("QuikFlex") packaging machine manufactured by Graphic Packaging International, one of the world's leading providers of integrated solutions for packaging, materials, printing, and automation. QuikFlex represents the latest technology in a flexible, high-speed, continuous-motion packer designed to package single tiers of cans in various configurations and features automatic loading. QuikFlex has been integrated with the Corporation's high-speed canning line that was upgraded during 2022. This will allow the Corporation to package products in formats to align with the preference of loyal customers and allow for greater flexibility moving forward, helping Big Rock be more competitive and reduce reliance on third parties for packaging.

Additional steps taken during the second quarter to address competitiveness and streamline operations included the permanent closing of Big Rock's Vancouver location at the conclusion of its lease and the sale of its Edmonton distribution facility. Replacement of the Edmonton facility is expected to allow the Corporation to concentrate its inventory in one location in Calgary and achieve operational efficiencies via the introduction of a seamless cross-docking operation in Edmonton. The facility sale also provided funding to assist with the Corporation's capital expenditure program described above. The Corporation's brewing and production operations in BC are expected to be relocated and Big Rock plans to continue to brew high-quality products, including Rock Creek ciders, White Peaks teas and Tree Brewing Co. beers. Each of these steps should lead to improved efficiencies in Big Rock's business.

In conjunction with the items highlighted above, the steps taken in the first quarter of 2024 (bringing in a new President and CEO, David Kinder and a new Director of Brewery Operations, as well as improving liquidity and access to funds for capital expenditures by completing the additional of a $4.2 million tranche to its existing second lien financing with the Corporation's largest shareholder, VN Capital Fund I, LP ("**VN Capital**") are expected to provide a stable platform to further optimize the Corporation's performance and improve financial results.

The Corporation has developed and maintains financial projections for fiscal 2024 that show sufficient cash flows to cover forecasted expenses and is projecting a return to profitability. Management of the Corporation is working with ATB Financial ("**ATB**"), the Corporation's primary lender, to establish the covenants for 2024 and beyond under the Corporation's credit facilities.

GOING CONCERN DISCLOSURE

Management of the Corporation is appropriately conservative and will continue to take actions to increase revenues and lower costs to provide confidence that the Corporation will meet expectations for the 2024 fiscal year.

Despite improved financial performance during 2023 versus 2021 and 2022, there remains a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The Interim Financial Statements include a "Going Concern" note, but do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying Interim Financial Statements. Such adjustments could be material.

SELECTED QUARTERLY FINANCIAL INFORMATION

Big Rock experiences seasonal fluctuations in sales volumes, net revenue, and net income, with the second and third quarters typically being stronger than the first and fourth quarters. These seasonal variations are influenced by numerous factors, including weather, timing of community events, consumer behaviour, customer activity and overall industry dynamics, mainly in Western Canada. The financial performance reflected in the selected quarterly information is consistent with industry trends. Big Rock's overall financial performance is also impacted by the level of co-packing/contract volumes. Management of Big Rock is continuing to focus on growing production volumes in a responsible fashion and on utilizing capacity across each quarter to help moderate the impact of seasonal variations.

The following is a summary of selected financial information for the last eight completed quarters:

($000, except hl and per share amounts)	**Q2/24**	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22
Wholesale sales volumes (hl) (1)	40,519	32,352	35,314	44,451	43,660	33,778	35,654	47,154
Net revenue	12,344	8,582	8,971	11,553	12,702	10,451	10,548	11,940
Cost of sales	8,218	6,845	6,236	8,098	8,904	7,488	10,132	8,445
Operating income (loss)	(667)	(2,299)	(1,508)	55	43	(144)	(3,815)	(1,146)
Adjusted EBITDA (2)	165	(1,473)	(701)	999	1,188	701	(3,484)	102
Net income (loss)	220	(3,073)	(2,111)	(227)	(340)	(255)	(4,188)	(1,054)
Per share amounts (basic and diluted)	$ 0.03	$ (0.44)	$ (0.31)	$ (0.03)	$ (0.05)	$ (0.04)	$ (0.60)	$ (0.15)

(1) Excludes co-packing volumes due to the nature of the agreements
(2) Non-GAAP financial measure. See "*Non-GAAP Measures*".

RESULTS OF OPERATIONS

Adjusted EBITDA

The calculation of Adjusted EBITDA is a non-GAAP financial measure, whose nearest GAAP measure is net income, or net loss (as applicable), with the reconciliation as follows:

($000, except where indicated)	Three months ended June 30			Six months ended June 30		
	2024	2023	Change	**2024**	2023	Change
Net income (loss)	**$ 220**	$ (340)	$ 560	**$ (2,853)**	$ (595)	$ (2,258)
Addback:						
Interest	**587**	547	40	**1,361**	1,010	351
Taxes	**—**	(75)	75	**—**	(312)	312
Depreciation and amortization	**827**	986	(159)	**1,654**	2,149	(495)
Share based payments	**5**	75	(70)	**4**	(146)	150
Gain on dispositions - net	**(1,474)**	(5)	(1,469)	**(1,474)**	(217)	(1,257)
Adjusted EBITDA (1)	**$ 165**	$ 1,188	$ (1,023)	**$ (1,308)**	$ 1,889	$ (3,197)

(1) Non-GAAP financial measure. See "*Non-GAAP Measures*".

Adjusted EBITDA during the three months ended June 30, 2024 decreased by $1.0 million in comparison to the three months ended June 30, 2023. The decrease in Adjusted EBITDA was primarily attributable to reduced co-packing volumes arising from the loss of a contract that was in place during Q1 and Q2 2023. As noted above, these contract volumes are expected to be replaced commencing in Q4 2024.

Net Revenue

Net revenue reflects results from the sale of wholesale beer, ready to drink beverages, cider, alcoholic and non-alcoholic beverage sales (net of excise taxes and provincial government liquor taxes), co-packing revenues, and retail restaurant and store sales from Big Rock's Alberta, BC, and Ontario locations. Geographically, Alberta continued to represent the largest share of the Corporation's sales in 2024, followed by BC and Saskatchewan.

($000, except sales volumes)	Three months ended June 30			Six months ended June 30		
	2024	2023	Change	**2024**	2023	Change
Sales volumes (hl) [1]	**40,519**	43,660	(3,141)	**72,871**	77,438	(4,567)
Gross revenue	**$ 15,792**	$ 17,018	$ (1,226)	**$ 27,080**	$ 30,657	$ (3,577)
Federal excise taxes	**(1,200)**	(1,672)	472	**(2,029)**	(2,589)	560
Provincial liquor tax programs	**(2,248)**	(2,644)	396	**(4,125)**	(4,915)	790
Net revenue	**$ 12,344**	$ 12,702	$ (358)	**$ 20,926**	$ 23,153	$ (2,227)
Net revenue by segment						
Wholesale	**$ 12,091**	$ 12,494	$ (403)	**$ 20,530**	$ 22,835	$ (2,305)
Retail	**253**	208	45	**396**	318	78
Net revenue	**$ 12,344**	$ 12,702	$ (358)	**$ 20,926**	$ 23,153	$ (2,227)
$ per hl						
Wholesale net revenue	**$ 298.41**	$ 286.16	$ 12.25	**$ 281.73**	$ 294.88	$ (13.15)

(1) Excludes co-packing/contract volumes due to the nature of the agreements.

Sales volumes, exclusive of co-packing/contract volumes for the second quarter of 2024 were 7.2% lower than the second quarter of 2023. Reduced volumes were largely encountered in premium value, ready to drink, premium craft, cider and private label on-premise product sales (being sales relating to keg and other sales to bars, restaurants and lounges), which were partially offset by increases in off-premise "white label product" sales at various retail outlets and premium non-alcoholic products. On an overall basis, Big Rock was able to partially mitigate lower sales volumes with improved yields across all product categories, but particularly in the ready to drink, cider, white label beer and premium craft product categories. As noted above, co-packing volumes declined during the second quarter of 2024 compared to the second quarter in 2023. Such decline was the main contributor to reduced gross revenues.

Wholesale Revenue

Net revenues for the three months ended June 30, 2024 declined by $0.4 million (2.8%) compared to the same period in the prior year reflecting reduced co-packing volumes and a softer market for beer consumption in Canada. These declines were partially offset by lower excise taxes and provincial commissions associated with the different product mix.

Retail Revenue

Retail revenue for the three months ended June 30, 2024, increased compared to the same period in the prior year with the new restaurant operator (Big Sky BBQ) in Calgary opening in May 2024. The retail segment represents roughly 2% of the Corporation's quarterly sales.

Cost of Sales

($000, except where indicated)	Three months ended June 30			Six months ended June 30		
	2024	2023	Change	**2024**	2023	Change
Operating expenses and raw materials	**$ 5,671**	$ 6,519	$ (848)	**$10,433**	$ 11,640	$ (1,207)
Salaries and benefits	**1,882**	1,543	339	**3,300**	2,938	362
Depreciation and amortization	**665**	842	(177)	**1,330**	1,814	(484)
Cost of sales	**$ 8,218**	$ 8,904	$ (686)	**$15,063**	$ 16,392	$ (1,329)
Percentage of revenue	**66.6%**	70.1%		**72.0%**	70.8%	

Cost of sales for the quarter ended June 30, 2024 decreased period-over-period by $0.7 million compared to 2023. This decrease was primarily driven by lower overall production volumes (inclusive of the reduced co-packing/contract volumes and continued cost savings initiatives.

Cost of sales as a percentage of net revenue was lower in the second quarter of 2024 compared to the same period in 2023. While there were reductions in various cost categories (primarily in key raw materials) consistent with a reduction in general industry inflationary pressures, these savings were offset by reduced overhead absorbed associated with the reduction in production volumes. Salaries and benefits in the second quarter 2024 increased compared the same period in the prior year with increased temporary labour usage. Depreciation costs decreased in the second quarter of 2024 compared to the same period in 2023 due to dispositions effected during 2023.

Selling Expenses

($000, except where indicated)	Three months ended June 30			Six months ended June 30		
	2024	2023	Change	**2024**	2023	Change
Delivery and distribution costs	**$ 1,294**	$ 1,378	$ (84)	**$ 2,242**	$ 2,493	$ (251)
Salaries and benefits	**602**	476	126	**1,205**	972	233
Marketing and sales expenses	**1,049**	53	996	**1,794**	916	878
Selling expenses	**$ 2,945**	$ 1,907	$ 1,038	**$ 5,241**	$ 4,381	$ 860
Percentage of revenue	**23.9%**	15.0%		**25.0%**	18.9%	

Selling expenses increased by $1.0 million in the second quarter of 2024 compared to 2023, as increased programs, activities and staffing costs associated with filling vacancies from 2023 were partially offset by reduced delivery and distribution costs related to third party storage and handling with continued efforts to consolidate shipments and improve logistics management. Increased sales and marketing staffing levels resulted in higher salaries and benefits and are consistent with Big Rock's efforts to stimulate volumes and promote its brands, including efforts with respect to innovation and improved market share, as well as the introduction of new products in 2024 and additional sales and marketing programs and events. With these introductions and the refreshed promotion efforts, costs have increased for advertising, agency fees, sponsorships and marketing and sales programs. In response to the financial results of 2022 and prior years, a comprehensive cost cutting and restructuring program was embarked upon by the Corporation during 2023, reflected in the low costs included in the comparison period.

General and Administrative Expenses

($000, except where indicated)	Three months ended June 30			Six months ended June 30		
	2024	2023	Change	**2024**	2023	Change
Salaries and benefits	**$ 576**	$ 469	$ 107	**$ 1,266**	$ 765	$ 501
Share based payments	**5**	75	(70)	**4**	(146)	150
Professional fees	**222**	254	(32)	**517**	254	263
Other administrative expenses	**883**	906	(23)	**1,477**	1,273	204
General and administrative expenses	**$ 1,686**	$ 1,704	$ (18)	**$ 3,264**	$ 2,146	$ 1,118
Percentage of revenue	**13.7%**	13.4%		**15.6%**	9.3%	

General and administrative expenses for the three months ended June 30, 2024 were comparable to the same period in 2023 with higher salaries and benefits associated with filling positions that were vacant during 2023, offset by lower share-based payments expenses and valuation and savings on consulting and recruiting fees.

Finance Expense

Finance expenses of $0.6 million in the second quarter of 2024 were comparable to the same period in 2023. The financing costs reflect the injection of short-term debt financings from VN Capital late in fiscal 2022 and $4.2 million during the first half of 2024 along with the small decrease in prime borrowing rates in Q2 of 2024. See "*Liquidity and Capital Resources – Debt*" in this MD&A.

SEGMENTED INFORMATION

The Corporation has two reportable business segments, wholesale and retail, which are monitored by executive management for the purposes of making decisions regarding resource allocation and performance management. The wholesale segment reflects the results from the manufacturing and distribution of beer, cider, and other alcoholic and non-alcoholic beverages to provincial liquor boards, grocery chains, and on-premises customers which are subsequently sold to end consumers, as well as the results from co-packing/contract arrangements. The retail segment includes direct sales of beverages, food, and merchandise to consumers through premises owned and/or operated by the Corporation.

Segment performance is evaluated on several measures, the most significant being gross profit net of selling expenses. Transfer prices between operating segments are applied on an arm's length basis in a manner similar to transactions with third parties. The Corporation's operating assets and liabilities, general and administrative expenses, income taxes, and capital expenditures are managed on a corporate-wide basis.

SEGMENTED RESULTS

Six months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	**2024**	2023
Net revenue	20,588	22,880	396	386	(58)	(113)	**20,926**	23,153
Cost of sales	14,943	16,222	178	283	(58)	(113)	**15,063**	16,392
Gross profit	5,645	6,658	218	103	–	–	**5,863**	6,761
Selling expenses	5,237	4,372	4	9	–	–	**5,241**	4,381
Segment profit	**408**	**2,286**	**214**	**94**	**—**	**—**	**622**	2,380
General and administrative cost							**3,264**	2,146
Depreciation and amortization							**324**	335
Operating income (loss)							**(2,966)**	(101)
Finance expense							**1,361**	1,010
Gain on dispositions - net							**(1,474)**	**(217)**
Other expense							**—**	13
Loss before income taxes							**(2,853)**	(907)

Three months ended June 30	Wholesale		Retail		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	**2024**	2023
Net revenue	12,119	12,523	253	244	(28)	(65)	**12,344**	12,702
Cost of sales	8,150	8,805	96	164	(28)	(65)	**8,218**	8,904
Gross profit	3,969	3,718	157	80	–	–	**4,126**	3,798
Selling expenses	2,945	1,903	–	4	–	–	**2,945**	1,907
Segment profit	**1,024**	**1,815**	**157**	**76**	**—**	**—**	**1,181**	1,891
General and administrative cost							**1,686**	1,704
Depreciation and amortization							**162**	144
Operating income (loss)							**(667)**	43
Finance expense							**587**	547
Gain on dispositions - net							**(1,474)**	(5)
Other income							**—**	(84)
Income (loss) before income taxes							**220**	(415)

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($000)	June 30, 2024	December 30, 2023
Debt [1]	**19,012**	16,593
Lease liabilities [1]	**2,720**	3,002
Less: Cash	**(889)**	(1,039)
Net debt [2]	**20,843**	18,556
Shareholders' equity:		
Shareholders' capital	**113,910**	113,775
Contributed surplus	**3,051**	3,182
Accumulated deficit	**(97,284)**	(94,431)
Total shareholders' equity	**19,677**	22,526
Total capitalization [3]	**40,520**	41,082
Net debt to total capitalization ratio [4]	**51%**	45%

(1) Includes current and non-current portions.
(2) Capital management measure. See "*Non-GAAP Measures*".
(3) Non-GAAP financial measure. See "*Non-GAAP Measures*".
(4) Non-GAAP ratio. See "*Non-GAAP Measures*".

Capital Strategy

The Corporation's capital consists of debt and equity. To maintain or adjust the Corporation's capital structure, Big Rock may issue new public securities, issue or renegotiate its debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents. The budget is updated as necessary depending on numerous factors, including capital deployment, results from operations, general industry conditions, and government policy changes.

See "*Going Concern*" in this MD&A.

Net Working Capital

Net working capital is a capital management measure and is defined as current assets less accounts payable, accrued liabilities, and current portion of debt (see *"Non-GAAP Measures")*. The Corporation had a net working capital deficit of $5.8 million as of June 30, 2024. This represents a decline of $4.3 million from December 30, 2023 and is largely due to higher current portion of long term debt associated with the additional second lien financing with VN Capital, which matures on December 31, 2024 (see *"Liquidity and Capital Resources - Debt"*).

Debt

During the six months ended June 30, 2024, the Corporation repaid $1.5 million on its ATB operating facility, $0.3 million on its ATB term facilities, and drew $4.2 million on the additional second lien financing with VN Capital. Details on amounts outstanding under the Corporation's credit facilities are as follows:

($000)	June 30, 2024	December 30, 2023
Operating facility – principal	**3,761**	5,290
Term debt - principal and accrued interest	**15,313**	11,461
Loss on debt term modification	**84**	—
Debt issue costs	**(146)**	(158)
	19,012	16,593

Current	**9,695**	4,849
Non-current	**9,317**	11,744

Term debt payments of principal and interest are made monthly. Details on amounts drawn under the term debt are as follows:

($000)	Expiry date	**June 30, 2024**	December 30, 2023
Tranche 1	December 31, 2024	**8,500**	4,300
Tranche 2	April 30, 2025	**264**	368
Tranche 3	February 28, 2026	**486**	584
Tranche 4	September 9, 2027	**414**	458
Tranche 5	February 28, 2031	**2,455**	2,499
Tranche 6	December 31, 2031	**3,194**	3,252
Total term debt outstanding		**15,313**	11,461

At June 30, 2024, the Corporation had $2.2 million available on its operating facility. ATB has provided a letter of credit to collateralize excise remittances to the Canada Revenue Agency which reduces the overall operating line availability by $0.6 million. The Corporation remains current with each of its remittances to the Canada Revenue Agency.

On January 17, 2024, the Corporation announced that it had added $4.2 million in borrowings from VN Capital for a combined total of $8.5 million in second lien financing from VN Capital and that the maturity date of the second lien financing facility was extended from June 30, 2024 to December 31, 2024. The initial $4.3 million of second lien financing was used to pay down the Corporation's operating facility with ATB. The additional $4.2 million second lien financing (which has been fully drawn at June 30, 2024) is being used to finance working capital and the replacement of packaging equipment to allow beverages to be packaged in more environmentally-friendly and flexible formats and to satisfy the $0.6 million shortfall of the covenanted Adjusted EBITDA target in the fourth quarter of 2023. The second lien financing with VN Capital is subordinate to the existing credit arrangement with ATB.

With the amendment to the second lien financing with VN Capital, a $0.1 million loss on a debt term modification was recognized during the first quarter of 2024 associated with the extension of the term and changes to the interest rate arrangements. Per IFRS 9 (Financial Instruments) this loss will be reversed by year end.

Management of the Corporation continues to work with ATB to establish the covenants for 2024 and beyond.

Lease Liabilities

Big Rock currently has lease liabilities for contracts related to real estate and vehicle leases.

($000)	**June 30, 2024**	December 30, 2023
Lease liabilities, beginning of year	3,002	3,767
Disposals	–	(18)
Interest expense	50	136
Lease payments	(332)	(883)
Lease liabilities, end of year	**2,720**	3,002
Current	**566**	659
Non-current	**2,154**	2,343

Effective July 31, 2024, the Corporation's lease on the brewery premises in Vancouver, BC expired.

Capital Expenditures

During the six months ended June 30, 2024, $1.7 million ($0.9 million of which was incurred in the second quarter) was invested in capital expenditures. This includes packaging equipment to allow beverages to be packaged in more environmentally-friendly and flexible formats. With the introduction of this equipment Big Rock expects to be compliant with Canada's ban on single-use plastics with the Corporation transitioning to the use of Earthrings which are 100% recyclable, compostable, and made with environmentally friendly inks. The Corporation also made a deposit in the second quarter of 2024 for packaging equipment to meet the requirements of its existing and prospective co-packing partners and to reduce reliance upon, and costs incurred, with third-party vendors. At the MD&A date, the Corporation has completed the installation and integration of the packaging equipment (QuikFlex$_{TM}$ 2100G[3]) which is expected to provide flexible, high-speed continuous-motion packing.

During the second quarter of 2024, the Corporation closed the sale of its warehouse facility in Edmonton and recognized a gain on its disposition of $1.5 million. Proceeds received on the sale are available to fund the capital expenditures noted above. With the facility sale completed, Big Rock has arranged for the continued distribution of products in Edmonton via a cross-docking arrangement with a local logistics partner. The Corporation expects this cross-docking arrangement to result in uninterrupted service to customers and cost savings for the Corporation.

Equity

As of the date of this MD&A, the Corporation had 6,997,843 common shares outstanding.

Additionally, as of the date of this MD&A, 233,954 common shares are potentially issuable to satisfy the Corporation's outstanding restricted share units. None of the Corporation's outstanding share options (345,232) or SARs (93,636) are "in the money".

Effective April 29, 2024, the Corporation granted 30,000 stock options and 212,477 restricted share units to certain employees, officers, directors and advisors of the Corporation. An additional 16,215 common shares were issued from treasury and 7,425 from common shares held in trust in satisfaction of restricted share units that had vested.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Big Rock has entered into various commitments for expenditures covering utilities, raw materials, marketing sponsorships and capital expenditures. The commitments, for the next five years are as follows:

($000)	2024	2025	2026	2027	2028	Thereafter
Utilities contracts	312	624	-	-	-	-
Raw material purchase commitments	1,205	616	140	72	-	-
Marketing sponsorships	178	115	-	-	-	-
Capital commitments	1,148	-	-	-	-	-
Total	**2,843**	**1,355**	**140**	**72**	**-**	**-**

OFF BALANCE SHEET ARRANGEMENTS

Big Rock does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet, other than the operating leases summarized in "*Commitments and Contractual Obligations*" herein.

RISK FACTORS

The Corporation is exposed to business risks that are inherent to the alcoholic beverage industry, as well as those governed by the individual nature of the Corporation's operations, the details of which are set out in the AIF, which is available on SEDAR+ at www.sedarplus.ca.

GOING CONCERN

The Interim Financial Statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. Despite the noted improvement in the financial performance on a year-over-year basis in 2023, the Corporation incurred a net loss in the six month period ended June 30, 2024 of $2.9 million (with $0.2 million of net income in the current quarter). The Corporation had $3.8 million drawn on its ATB operating facility as at June 30, 2024. The ATB credit facility imposes a number of positive and negative covenants on the Corporation more fully described in Note 14 of the Annual Financial Statements. Management of the Corporation is working with ATB to establish the covenants for 2024 and beyond.

There remains a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. The Interim Financial Statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the Interim Financial Statements. Such adjustments could be material.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no changes in Big Rock's critical accounting estimates during the three and six months ended June 30, 2024, nor during the year ended December 30, 2023. Further information on the Corporation's accounting policies, critical estimates, and judgements can be found in the notes to the Interim Financial Statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Big Rock did not use any derivative financial instruments or other instruments in the three and six months ended June 30, 2024 and June 30, 2023.

CERTIFICATION OF DISCLOSURES IN QUARTERLY FILINGS

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Corporation issues a Certification of Interim Filings ("**Certification**") quarterly. The Certification requires certifying officers to state that they are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**").

The Certification requires certifying officers to state that they designed DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the certifying officers by others; (ii) information required to be disclosed by the Corporation in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities legislation. In addition, the Certification requires certifying officers to state that they have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

There were no changes in the Corporation's internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Corporation has procedures in place relating to DC&P and ICFR and will continue to monitor such procedures as the Corporation's business evolves.

NON-GAAP MEASURES

The Corporation uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by IFRS nor by Generally Accepted Accounting Principles ("**GAAP**"). These financial measures do not have any standardized meaning under the Corporation's GAAP and therefore may not be comparable to similar measures presented by other issuers. The following terms "net working capital", “net debt”, “total capitalization”, “Adjusted EBITDA” and “net debt to total capitalization ratio” are not recognized measures under GAAP and may not be comparable to that reported by other companies. In addition to net loss and cash flow from operating activities, management of the Corporation uses these non-GAAP measures to evaluate the Corporation’s operating performance and leverage.

Net working capital: is a capital management measure that is defined as current assets less accounts payable, accrued liabilities, and current portion of debt. It is utilized by the Corporation as a measure of liquidity and to assess the Corporation’s ability to repay current obligations from current assets.

Net debt: is a capital management measure that is defined as the Corporation’s current and non-current portions of debt, and lease liabilities less cash. It is utilized by the Corporation to assist with assessing borrowing levels and obligations. A reconciliation of net debt is provided under “*Liquidity and Capital Resources – Capitalization*”.

Total capitalization: is a non-GAAP financial measure calculated by adding shareholders’ equity and net debt. It is utilized by the Corporation in the assessment of the financial leverage of the Corporation in comparison to its equity to assess the Corporation’s ability to meet current commitments and obligations as well as the capacity for growth. A reconciliation of total capitalization to cash, total debt and total shareholders’ equity and a reconciliation of net debt to cash and total debt are provided under “*Liquidity and Capital Resources – Capitalization*”.

Adjusted EBITDA: is a non-GAAP financial measure that the Corporation uses to measure operating performance and borrowing capacity. Adjusted EBTDA is calculated by adding back to net income, interest, income taxes, depreciation and amortization, impairment of property, plant and equipment, impairment on co-packing customer receivable, share based payment adjustments, gains and losses on disposal of assets and gain on extinguishment. A reconciliation of Adjusted EBITDA to net loss, the nearest GAAP measure, is contained under “*Results of Operations – Adjusted EBITDA*”.

Net Debt to Total Capitalization Ratio: is a non-GAAP financial ratio that is calculated by dividing net debt by total capitalization. It is utilized by the Corporation in assessing its capital structure and the financial health and optimal structure to fund operations and growth for Big Rock. A reconciliation and calculation of net debt to capitalization ratio is contained under “*Liquidity and Capital Resources – Capitalization*”.

Readers are cautioned that these measures should not be construed as an alternative to net income, cash flows from operating activities or other relevant GAAP measures as calculated under GAAP.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or Big Rock’s future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking information are not facts, but only predictions and generally can be identified by the use of statements that include words or phrases such as, "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", “likely” "may", "project", "predict", "propose", "potential", "might", "plan", "seek", "should", "targeting", "will", and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Big Rock believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary materially from such forward-looking statements. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

This MD&A contains forward-looking statements pertaining to the following:

- Big Rock’s long-term growth strategy and the anticipated benefits to be derived therefrom, including with respect to improved production, lower cost of sales and operating expenses from its own house of brands and from volumes pursuant to co-packing arrangements;
- Big Rock’s expectations regarding operational efficiencies derived from greater production volumes;
- Big Rock’s aim to improve its competitiveness, gain market share within its branded portfolio;
- Big Rock’s expectations that it will remain committed to its focus on innovation and co-creation of new products with its strategic partners and its expectation that it will capitalize on increased market demand in certain product categories and gain market share;
- Big Rock’s expectations with respect to its capital expenditure program featuring the replacement of the equipment, including timing of completion, and the benefits anticipated to be derived therefrom, including that it will allow more flexibility moving forward, help the Corporation be more competitive and reduce reliance on third parties for packaging;
- Big Rock’s expectations with respect to compliance with Canada's ban on single-use plastics;
- Big Rock’s expectations with respect to its new three-year contract with a strategic partner, including with respect to estimated production volume and the benefits anticipated to be derived therefrom, such as the expectation that such volumes will allow for a more balanced schedule and replace the volumes lost during 2022 and will provide critical mass in terms of production and contract sales volumes;
- Big Rock’s beliefs regarding its efforts to align with consumer demand and focus on premium product innovation and development;
- Big Rock’s expectations with respect to product innovation releases in through the balance of 2024;
- Big Rock’s expectations with respect to restored contract volumes, including the timing thereof, and the expectation that the Corporation will realize overhead and labour cost efficiencies and improved cost absorption, as well as efficiencies from maintaining focus on streamlining processes around forecasting and production planning;
- Big Rock’s expectation that its co-packing/contract arrangements for 2025 and beyond will return to or exceed levels seen during 2022;
- Big Rock’s expectations regarding the sale of its Edmonton facility and the anticipated benefits to be derived therefrom, including uninterrupted service to customers and cost savings;
- Big Rock’s expectations regarding the relocation of the brewing and production operations in BC, including Big Rock’s plan to continue to brew high-quality products;
- Big Rock’s expectations that its capital expenditures and operational realignments will lead to improved efficiencies and in conjunction with the hirings of a new President and CEO and a new Director of Brewery Operations and improved liquidity from additional second lien financing with VN Capital, will provide a stable platform to further optimize performance and improve operations and financial results;
- Big Rock’s expectation that, where possible, it will continue to employ the strategy of balancing production and sales between quarters to allow for a reduction of operating costs and the anticipated benefits to be derived therefrom;
- Big Rock’s updated financial projections for fiscal 2024 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability;
- Big Rock’s expectations that it will establish covenants for 2024 and beyond with ATB;
- Big Rock’s expectation that management of the Corporation is appropriately conservative and will continue to take actions to increase revenues and lower costs to provide confidence that the Corporation will meet expectations for the 2024 fiscal year;
- Big Rock’s expectations with respect to seasonal variations and the factors that influence such variations;
- Big Rock’s expectations with respect to management’s continued focus on growing production volumes in a responsible fashion and on utilizing capacity across each quarter to help moderate the impact of seasonal variations;
- Big Rock’s expectation with respect to proceeds received on the sale of the warehouse facility in Edmonton;
- Big Rock’s expectations with respect to the use of the additional $4.2 million second lien financing with VN Capital;
- Big Rock’s business plans, outlook, and strategy;

- Big Rock's ability to maintain or adjust its capital structure through issuing new public securities, issuing or renegotiating its debt, acquiring or disposing of assets or adjusting the amount of cash or cash equivalents;
- Big Rock's expectation that the packaging equipment installed will meet the requirements of its existing and prospective co-packing partners and will reduce reliance upon, and costs incurred, with third-party vendors;
- Big Rock's future term debt payments of principal and interest and the anticipated timing thereof; and
- Big Rock's anticipated commitments and contractual obligations and the anticipated timing thereof.

With respect to the forward-looking statements listed above and FOFI (as defined below) contained in this MD&A, management has made assumptions regarding, among other things:

- Big Rock's ability to continue as a going concern;
- that Big Rock's long-term growth strategy;
- volumes in the current fiscal year will remain constant or will increase;
- 2025 co-packing volumes will return to or exceed 2022 levels;
- the non-alcoholic market will continue to rapidly grow;
- there will be no material change to the regulatory environment in which Big Rock operates;
- there will be no material supply issues with Big Rock's vendors;
- seasonal fluctuations in demand;
- that innovation and co-creation of new products with Big Rock's strategic partners will capitalize on increased market demand in certain product categories and further enable the Corporation to gain market share;
- that a continued focus on streamlining processes around forecasting and production planning will enable the Corporation to continue to realize operational efficiencies and drive margin growth; and
- that capital expenditures for new packaging equipment and operational realignments will result in efficiencies and cost savings for the Corporation, as well as compliance with Canada's ban on single-use plastics.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking information and statements and FOFI contained herein include the risk factors set out in the AIF and include, but are not limited to:

- the risk that Big Rock may not be able to renegotiate a refinancing of its existing credit facility terms with ATB given the event of default;
- that the year-over-year growth in Big Rock's co-packing arrangements may be less than anticipated;
- the inability to grow demand for Big Rock's products;
- the risk that Big Rock may not have an increase in market demand or market share;
- the risk that Big Rock may not realize overhead and labour cost efficiencies;
- the risk that Big Rock may not realize the benefits of increased co-packing production;
- the risk that Big Rock may not realize operational efficiencies or margin growth;
- the risk that Big Rock may not have sufficient cash flows to cover forecasted expenses or return to profitability; and
- the risk that Big Rock may not be in compliance with its financial covenants for the next 12 months.

Any financial outlook or future oriented financial information (in each case "**FOFI**") contained in this MD&A regarding prospective financial position, including, but not limited to: Big Rock's expectations that innovation and co-creation of new products with its strategic partners will increase market demand and further enable the Corporation to gain market share; the Corporation's expectations that it will continue to realize overhead and labour cost efficiencies; Big Rock's expectations that its continued focus on streamlining processes around forecasting and production planning will enable the Corporation to continue to realize operational efficiencies and drive margin growth; Big Rock's updated financial projections for fiscal 2024 and the expectations that it will have sufficient cash flows to cover forecasted expenses and will return to profitability; Big Rock's expectations that it will be in compliance with its financial covenants for the next 12 months; that Big Rock will continue to take actions to increase revenues and lower costs to provide confidence that the Corporation will achieve budget for the year; Big Rock's ability to maintain or adjust its capital structure through issuing new public securities, issuing or renegotiating its debt, acquiring or disposing of assets or adjusting the amount of cash or cash equivalents; Big Rock's future term debt payments of principal and interest and the anticipated timing thereof; and Big Rock's anticipated commitments and contractual obligations, are based on reasonable assumptions about future events, including those described above, based on an assessment by management of the relevant information that is currently available. The actual results will likely vary from the amounts set forth herein and such variations may be material. Readers are cautioned that any such FOFI contained herein should not be used for purposes other than those for which it is disclosed herein. Such information was made as of the date of this MD&A and the Corporation disclaims any intention or obligation to update or revise any such information, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law.

Readers are cautioned that the foregoing list of assumptions and risk factors is not exhaustive. The forward-looking information and statements and FOFI contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information and statements and FOFI included in this MD&A are made as of the date hereof and Big Rock does not undertake any obligation to publicly update such forward-looking information and statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.